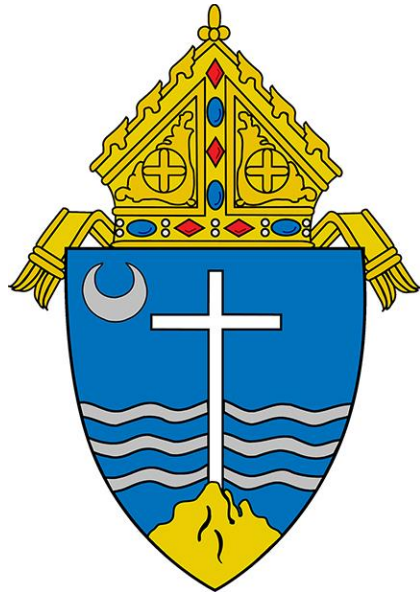


**Diocese of Rockford**

**Capital Projects**

**Procedural Manual**



## TABLE OF CONTENTS

Letter from Bishop Malloy .....	1
Diocesan Policy Regarding Hiring Contractors.....	2
Diocesan Building Commission .....	3
I. Expenditures up to \$12,500 .....	4
II. Expenditures more than \$12,500.....	4
1. Consultation with Parish Finance Council.....	4
2. Request permission to conduct a feasibility study .....	4
3. Request permission to hire a capital campaign consultant .....	5
4. Request permission to hire an architect .....	5
5. Request permission to solicit bids.....	6
6. Withdrawing funds from DIAL accounts .....	6
7. Change orders .....	6
III. Liturgical Norms .....	6
IV. Insurance Coverage .....	7
V. Building Commission Meetings.....	7
VI. Emergency Projects .....	7

Date of Publication – August 1, 1983

First Revision – October 1, 1986

Second Revision – January 1, 1995

Third Revision – August 1, 1997

Fourth Revision – September 1, 2017

Approved by: David J. Malloy, Bishop of Rockford



September 1, 2017

Dear Monsignors/Fathers:

To provide for the proper administration of the temporal goods of the Church, I hereby publish and promulgate as prosynodal legislation the *Diocese of Rockford Capital Projects Procedural Manual*.

It is my sincere hope that these procedures will be of assistance to all who are responsible for the administration of Church goods.

With prayerful best wishes, I am

Sincerely yours in Christ,

+ *David J. Malloy*

Most Reverend David J. Malloy  
Bishop of Rockford

## **Diocesan principles regarding hiring contractors**

The Diocese of Rockford, in the person of the Most Reverend Bishop, hereby states the following:

1. All parishes, schools, and other diocesan organizations planning a capital project (new construction, renovations, etc.) are to engage only those contractors who commit themselves to each requirement of the Diocese of Rockford as contained in this manual.
2. Moreover, the Diocese of Rockford will continue to encourage the use of certified labor standards for wages, benefits, and insurance.
3. All contractors may bid on any proposed Church capital project. In accord with the teachings of Pope Leo XIII litt. encyc. (*Rerum Novarum*), Pope Pius XI (*Quadragesimo Anno*), and Pope John Paul II (*Centesimus Annus*), it is the earnest hope of the Diocese of Rockford that those in charge of capital projects see to it that all construction laborers, of whatever trade, are treated and paid justly and fairly.
4. The Diocese of Rockford is not responsible for any failure on the part of an individual parish, school, or other diocesan organization to abide by these teachings of the Church.
5. What is of prime concern to the Diocese of Rockford is that just pay and benefits be given to workers by all employers who enter into a contract for services with the Diocese of Rockford. This is based on the consistent teaching of the Church's Magisterium and, more specifically, the concepts of fair labor practices as stated in the USCCB document on Economic Justice.

This is not an endorsement of any particular group or interest. The standards described in item number 2, above, are used only as a means for the Church to monitor the wages, benefits and insurance it requires of all with whom it contracts for services. A higher standard may be acceptable but a lower standard will never be acceptable.

## Diocesan Building Commission

The Bishop of Rockford has established the Diocesan Building Commission as a permanent committee of the Diocesan Finance Council. The Moderator of the Curia is the *ex-officio* chairman of the Commission. The following members comprise the Diocesan Building Commission as of August 1, 2017:

<u>Professional Affiliation</u>	<u>Name</u> _____
Moderator of the Curia	Rev. Msgr. Glenn L. Nelson, J.C.L.
Director of Divine Worship	Rev. Jonathan Bakkelund
Director of Finance and Administration	Mrs. Jodi Rippon, C.P.A.
Director of Charitable Giving	Mrs. Claudia Broman
Director of Property Management	Mr. Brian Heinkel
Director of Research & Planning	Mr. Kevin Fuss
Property and Casualty Insurance Consultant	Mr. Paul Karr, Gallagher-Bassett
Architectural and Construction Consultant	Mr. Robin K. Roberts
Secretary to the Commission	Mrs. Sally Arndt

## **I. Expenditures up to \$12,500.00**

The pastor, parochial administrator, superintendent or president, or diocesan organization director (hereafter referred to as pastor), having heard the advice of the Parish Finance Council, Council of Administration (for central Catholic high schools or consolidated elementary schools), or other applicable advisory body (hereafter referred to as parish finance council), may enter into contracts for goods or services provided that the total combined project does not exceed \$12,500 and there are sufficient funds on hand for the project.

## **II. Expenditures more than \$12,500.00**

All contracts for expenditures where the combined project total exceeds \$12,500 require the approval and signature of the Bishop of Rockford or his delegate (the Moderator of the Curia). All contracts, proposals and/or quotes for consultants, architects and/or capital projects are to be reviewed by the diocesan in-house legal counsel through the Moderator of the Curia's office.

While not all capital projects require each of the steps, the following is a comprehensive list of approvals needed to proceed with a capital project.

### **1. Consultation with parish finance council.**

Before contacting the diocese for permission to proceed with a capital project, the pastor must hear the advice of the parish finance council. While consensus from the finance council is preferred, their consent is not mandatory, only that they were consulted on the project.

In larger projects, it is sometimes useful for the pastor to appoint a special *ad hoc* committee to assist the pastor through the many steps of the capital project. It is helpful to appoint volunteers who have experience in construction projects.

### **2. Request permission to conduct a feasibility study.**

If the capital project will require a capital campaign, it is necessary to obtain permission from the Moderator of the Curia to engage the services of a consultant to conduct a feasibility study for the campaign. By this stage, the pastor should have an understanding of the scope of the project and its projected cost. The pastor should write to the Moderator of the Curia and include a general description of the project, its projected cost, confirm that the pastor consulted with the parish finance council, and the preferred feasibility consultant. The pastor may contact the Office of Charitable Giving for a recommendation for a qualified consultant to conduct the feasibility study.

It may be necessary to hire an architect during this stage to assist the pastor in estimating the project cost and to provide conceptual drawings to enhance the effectiveness of the feasibility study. The pastor should hire the architect on an hourly or per-job basis and not enter into a contract to design the project at this stage of the process. The pastor may contact the Director of Property Management for a recommendation for a qualified architect.

If the capital project is extensive, (e.g., a new church, parish fellowship hall, school, etc.), the Moderator of the Curia may convene a diocesan building commission meeting to discuss the project. In his response to the pastor's request to conduct a feasibility study, the Moderator of the Curia will inform the pastor whether a diocesan building commission meeting is necessary at this stage.

The feasibility study assesses the interest in the capital project both from a ministry perspective and from a financial perspective. It also may identify parishioners who have the ability to donate significantly and/or the willingness to provide leadership for the capital campaign.

3. Request permission to hire a capital campaign consultant.

If the feasibility study results in the recommendation to proceed with a capital campaign, the pastor must write to the Moderator of the Curia for permission to engage the services of a capital campaign consultant. The consultant who conducted the feasibility study is oftentimes engaged to conduct the capital campaign but this is not a requirement.

The Moderator of the Curia may convene the diocesan building commission at this stage of the process. He may also instruct the diocesan internal auditor to visit the parish to give guidance in proper recording procedures and techniques before conducting the capital campaign.

A capital campaign typically involves a series of parish meetings in which the plans for the project are revealed to the parishioners. There is generally a major donor phase in which the pastor is directly involved in approaching parishioners identified as potentially capable of making a large (e.g., \$100,000 plus) donation. The major donor phase is followed by the general campaign in which all parishioners are given the opportunity to financially participate in the capital project. Because parishioners will be asked to donate more than what they typically donate to the parish on a regular basis, most capital campaigns are generally approved for a period of three to five years. Parishioners are asked to make a pledge for a particular amount and then are given time, termed the redemption period, to fulfill their pledges.

4. Request permission to hire an architect.

Once it appears that there is enough response to the capital campaign from the parishioners, the parish may request permission to engage the services of an architect. The pastor should submit his request to the Moderator of the Curia and include the architect's contract. The Moderator of the Curia will ask the diocesan in-house legal counsel to review the contract before signing it.

5. Request permission to solicit bids.

When the parish has raised (cash on hand) a minimum of 75% of the estimated cost of the project, the pastor may request permission to solicit bids for construction. The pastor must obtain a minimum of three qualified bids unless, due to the unique nature of the project, or lack of qualified contractors in the area, three bids are not possible. The Moderator of the Curia, in his response to the pastor's request, will specify whether the bids can be opened at the parish or if he requires they be opened at the diocesan administration building. The Moderator of the Curia will sign the selected bid after review by the diocesan in-house counsel.

In some cases, the pastor may use a construction manager instead of a general contractor. The construction manager solicits bids from various subcontractors and would present the lowest qualified bids to the Moderator of the Curia for review and approval. If the parish uses the construction manager approach, it is usually advisable to contract with the construction manager prior to engaging the architect.

In cases of repairs or remodeling (e.g., window replacement, roofing, demolition, etc.), please contact the Director of Property Management for guidance regarding environmental issues such as asbestos, lead paint, underground storage tanks, etc.

While the parish must have at least 75% of the estimated construction cost on hand before breaking ground, the Moderator of the Curia may require that 100% of the estimated construction cost be on hand before breaking ground. He would do so in instances in which the parish cannot demonstrate the ability to amortize a mortgage on the project in light of the additional expenses inherent with a new building. If the Moderator of the Curia allows the parish to borrow funds for the project, the parish must demonstrate the ability to amortize the mortgage over a period of no more than 15 years.

6. Withdrawing funds from DIAL accounts.

When withdrawing funds from DIAL accounts, the request for withdrawal must be accompanied by AIA Document G702 prepared by the general contractor.

7. Change orders.

Any change orders required during the construction process in excess of \$12,500, must be approved by diocesan legal in-house counsel and the Moderator of the Curia before executing. For change orders up to \$12,500, the pastor may sign the change order form provided he consults with his parish finance council.

### **III. Liturgical norms**

All interior church construction and renovation must be in accord with the approved liturgical norms, and in consultation with the Director of Divine Worship.



## **IV. Insurance coverage**

Once the construction project is approved, the pastor should consult with the Director for Financial and Administrative Services regarding builder's risk insurance coverage during the construction phase. In most cases, the diocesan property and liability insurance program will provide coverage during the construction phase. In some instances, however, it may be beneficial to purchase insurance from an outside builder's risk insurance provider during the construction phase.

The general contractor must purchase a performance bond unless the Moderator of the Curia waives this requirement in writing. Upon completion of a project, a "Property Addition/Deletion" request form available on the website should be submitted to the Finance Office.

## **V. Building Commission meetings**

The diocesan building commission exists for the purposes of advising the Moderator of the Curia and to provide assistance to the pastor in the many processes of a capital project. The Moderator of the Curia, as chairman of the diocesan building commission, will request building commission meetings at his sole discretion.

The Moderator of the Curia will not request building commission meetings in all cases. If, for example, a parish needs a new roof costing \$50,000 and the pastor hears the advice of his parish finance council, has obtained at least three qualified bids, and has the funds to cover the cost on hand, the Moderator of the Curia may waive the building commission meeting. Even when the building commission meeting is waived, the pastor must send the contract to the Moderator of the Curia for review by in-house legal counsel and approval and signature of the Moderator of the Curia.

## **VI. Emergency projects**

At times, circumstances do not permit the adherence to the procedures outlined heretofore. For example, the church roof could spring a leak. The pastor contacts a local roofer and the cost of repairs will exceed \$12,500. The next major rain storm would likely cause significant damage to the interior of the church and the church structure. The parish does not have the funds on hand to pay for the repairs.

In a situation like that described above, the pastor should contact the Moderator of the Curia for direction. The diocese does not want the structures of its parishes to suffer damage. The Moderator of the Curia will work with the pastor for a solution that would likely involve an emergency loan, expedited approvals, and a follow up consultation to determine an appropriate method to repay the emergency loan.